

**THE LIBRARY OF CONGRESS  
CONSOLIDATED FINANCIAL STATEMENTS  
Fiscal Year Ended September 30, 2000**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

The Management's Discussion and Analysis (MDA) is designed to provide a high level overview of the Library: who we are, what we do, and how we accomplished our mission during fiscal year 2000.

**THE LIBRARY OF CONGRESS AND  
ITS MISSION**

The Library of Congress, an agency in the legislative branch of the government, is the world's largest and most comprehensive library, maintaining a collection of nearly 121 million items -- many of them unique and irreplaceable -- in more than 450 languages. It directly serves not only the Congress, but the entire nation with the most important commodity of our time: **information.**

The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

**STRATEGIC PLAN AND PRIORITIES**

The Library's challenge, under its 1997-2004 strategic plan, is to sustain past gains while becoming a more efficient and effective operation. The Library has a proven record of making knowledge and information accessible to users everywhere -- evidenced by the exponential rate of growth in the Library's Internet transactions and the wide public acclaim of its web site.

The Library's vision for the 21<sup>st</sup> century is to "lead the nation in ensuring access to knowledge and information and in promoting its creative use for the Congress and

its constituents." The strategic plan maps the changes that will ensure that the Library -- the research and information arm of the national legislature and the world's foremost storehouse of knowledge -- continues its worthy tradition of collecting, preserving, sharing, and fostering creativity and learning in support of the Congress, the public and the democratic ideal. Open access is the basic principle of our public library system and is more important than ever in helping prevent a division between information "haves" and "have-nots" in the electronic age. The Congress, through its library, is ensuring that the tools of learning -- and of learning about America -- will be universally accessible in the new millennium.

The Library's strategic plan priorities are:

1. to make knowledge and creativity available to the United States Congress;
2. to acquire, organize, preserve, secure, and sustain for the present and future of the Congress and the nation a comprehensive record of American history and creativity and a universal collection of human knowledge;
3. to make its collections maximally accessible to the Congress, the U. S. Government, and the public; and
4. to add interpretive and educational value to the basic resources of the Library.

At the start of the new millennium and the Library's third century, the Library is accelerating the registration of digital copyright claims and acquiring, preserving, and ensuring rights-protected access to "born digital" works that are playing an increasingly important role in the intellectual, commercial, and creative life of the United States. Given the immeasurable size and growing elusiveness of the digital universe, as well as

the short life span of much of its content, it is clear that the Library faces a substantial challenge in both (1) defining the scope of its collecting responsibilities in this new world and (2) developing a whole new range of partnerships and cooperative relationships that will be required to continue fulfilling our vital historic mission. The Library's digital strategy will focus first on formulating an implementable national strategy for the life cycle management of digital materials as part of the national collection.

## **BRIEF HISTORY**

The Library of Congress is a living monument to the remarkable wisdom of the Founding Fathers who saw access to an ever-expanding body of knowledge as essential to a dynamic democracy. The Library's three buildings are named for Thomas Jefferson, John Adams, and James Madison. With the support of these Presidents, the Congress established the Library in 1800, as soon as it moved to the new capital city of Washington, and established the Joint Committee on the Library as the first Joint Committee of the Congress in 1802.

Jefferson, in particular, took a keen interest in the new institution. After the British burned the Capitol and the Library during the War of 1812, Congress accepted Jefferson's offer to "recommence" the Library and purchase his multi-lingual 6,487-volume collection (then the finest in America) at a price of \$23,950. It contained volumes in many languages on everything from architecture to geography and the sciences. Anticipating the argument that his collection might seem too wide-ranging for Congress, Jefferson said that there was "no subject to which a Member of Congress might not have occasion to refer."

Jefferson's ideals of a "universal" collection and of sharing knowledge as widely as possible still guide the Library. With Congressional blessing and support, the Library has grown to serve the Congress and the nation more broadly in ways that no other library has ever done, largely as a result of four milestone laws: (1) the copyright law of 1870, which stipulated that two copies of every book, pamphlet, map, print, photograph, and piece of music registered for copyright in the United States be deposited in the Library; (2) the 1886 authorization of the first separate Library of Congress building that contained openly accessible reading rooms

and exhibition space for the general public; (3) the 1902 law that authorized the Library to sell its cataloging records inexpensively to the nation's libraries and thus massively help to subsidize the entire American library system; and (4) the law in 1931 that established the program in the Library to create and supply free library materials to blind and physically handicapped readers throughout the country. Congress thus established the basis both for the continued growth of the collections and for the extension of the Library's services to citizens everywhere.

In 1914, Congress created the Legislative Reference Service (LRS) as a separate entity within the Library to provide specialized services to "Congress and committees and Members thereof." In 1946, the Congress granted LRS further statutory status within the Library and directed it to employ specialists to cover broad subject areas. Congress renamed LRS as the Congressional Research Service (CRS) in 1970 and enhanced its analytical capabilities by defining its policy role for the Congress and emphasizing research support to the committees of Congress.

More recently, a series of Congressional statutes have created within the Library of Congress the American Folklife Center (1976), the American Television and Radio Archives (1976), the National Center for the Book (1977), the National Film Preservation Board (1988), the National Film Preservation Foundation (1996), the Cooperative Acquisitions Program Revolving Fund (1997), the Sound Recording Preservation Board and Foundation (2000) and the authorization of three revolving funds for fee services (2000) -- further extending the Library of Congress' national role.

## **THE LIBRARY OF CONGRESS TODAY**

The core of the Library is its incomparable collections and the specialists who interpret and share them. The Library's nearly 121 million items include almost all languages and media through which knowledge and creativity are preserved and communicated.

The Library has more than 27 million items in its print collections, including 5,702 volumes printed before the year 1500; 12 million photographs; 4 million maps, 2 million audio recordings; 800,000 motion pictures,

including the earliest movies ever made; 4 million pieces of music; 54 million pages of personal papers and manuscripts, including those of 23 Presidents of the United States as well as hundreds of thousands of scientific and government documents.

New treasures are added each year. Notable acquisitions during fiscal year 2000 include: nearly 100 additional volumes that match Thomas Jefferson's original collection, a complete and perfect map describing the whole world (Venice, circa 1559) and the maps drawn by Lafayette's cartographer, the papers of both Philip Roth and Lucas Foss, the Kenneth Walker Architectural drawings, the letters of Edna St. Vincent Millay, the first known map of Kentucky, the Coville Photography collection, a unique collection of Russian sheet music covers and the film collection of Baron Walter de Mohrenschildt. During fiscal year 2000, the Library also reached agreement on the regular, on-going deposit of the archives of electronic journals published by the American Physical Society; continued its relationship with Bell & Howell on cost-effective access to its digital archive of U.S. doctoral dissertations; and built on the existing gift agreement with the Internet Archive to select and acquire open-access Web resources of special interest to the Library, such as the web sites of all U. S. presidential candidates.

Every workday, the Library's staff adds more than 10,000 new items to the collections after organizing and cataloging them and finds ways to share them with the Congress and the nation -- by providing on-line access across the nation, by assisting users in the Library's reading rooms, and by featuring the Library's collections in cultural programs.

Major annual services include delivering **more than 580,000** congressional research responses and services, processing **more than 580,000** copyright claims, and circulating **more than 22 million** audio and braille books and magazines free to blind and physically handicapped individuals all across America. The Library annually catalogs **more than 250,000** books and serials and provides the bibliographic record inexpensively to the Nation's libraries, saving them an estimated \$268 million annually.

The Library also provides free on-line access, via the Internet, to its automated information files, which contain **more than 75 million** records -- to Congressional offices, Federal agencies, libraries, and

the public. Internet-based systems include major World Wide Web (www) services (e.g., THOMAS, [www.loc.gov](http://www.loc.gov), [www.AmericasLibrary.gov](http://www.AmericasLibrary.gov), Global Legal Information Network), the Library of Congress On-line Public Access Catalog ([catalog.loc.gov](http://catalog.loc.gov)), and various file transfer options.

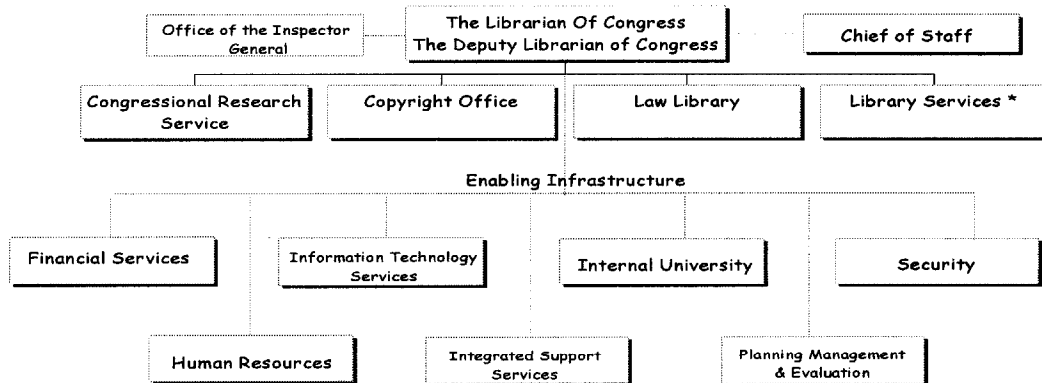
The Librarian of Congress, appointed by the President with the advice and consent of the Senate, directs the Library. The Deputy Librarian of Congress is the Chief Operating Officer who manages the day-to-day operations through four service units and an enabling infrastructure (see organizational chart).

The Library has seven programs:

- Library Services
- Law Library
- Copyright Office
- Congressional Research Service
- National Library Service for the Blind and Physically Handicapped
- Reimbursable Funds
- Revolving Funds

The Library of Congress programs and activities are funded by four salaries and expenses (S&E) appropriations which support congressional services, national library and law library services, copyright administration, library services to blind and physically handicapped people, and management support. A separate appropriation funds furniture and furnishings.

# Library of Congress



\* Includes National Library Service for the Blind and Physically Handicapped

## OVERVIEW OF FINANCIAL STATEMENTS

For fiscal years 2000 and 1999, the Library has prepared a Consolidated Balance Sheet, Consolidated Statement of Net Costs, Consolidated Statement of

Changes in Net Position, and a Combined Statement of Budgetary Resources (see Section 2).

### Consolidated Balance Sheet

The purpose of the consolidated balance sheet is to provide financial statement users with information about

the Library's assets, liabilities, and net position as of September 30, 2000 and 1999. In accordance with governmental accounting standards, the value of the Library's collections (our largest asset) is not calculated and reported as a monetary asset. Instead, the Library prepares a Stewardship report (see Section 3), which describes the collections and provides relevant

information about their use, preservation, security, etc. The Library's Net Position consists of: (1) the portion of the Library's appropriations that are unexpended; (2) the cumulative balances of gift, trust, reimbursable and revolving funds; and (3) the cumulative amount of prior period adjustments.

Assets (in millions)			Liabilities and Net Position (in millions)		
	2000	1999		2000	1999
Entity Assets	\$ 385.9	\$ 304.1	Liabilities Covered by Budgetary Resources	\$ 693.9	\$ 847.1
Non-Entity Assets	612.4	774.9	Liabilities Not Covered by Budgetary Resources	92.9	39.0
			Net Position	211.5	192.9
<b>Total Assets</b>	<b>\$ 998.3</b>	<b>\$ 1079.0</b>	<b>Total Liabilities and Net Position</b>	<b>\$ 998.3</b>	<b>\$ 1079.0</b>

The Library's assets total just under one billion dollars in fiscal year 2000 and more than one billion dollars for fiscal year 1999. Entity assets increased by \$81.8 million during fiscal year 2000 primarily as a result of a donation of \$60 million by John Kluge and other donations to the Library's gift and trust funds. Non-entity assets (i.e., funds held and invested for future distribution to copyright owners) comprise 61 percent and 71 percent of all assets and total \$612 and \$775 million for fiscal years 2000 and 1999, respectively. Non-entity (custodial) assets decreased by \$163 million during fiscal year 2000 because current year royalty receipts were less than multiple, prior-year royalty distributions to Copyright owners. The Copyright Office made five distributions of royalty fees, totaling \$367.8 million, during fiscal year 2000 – an increase of \$195.6 million from fiscal year 1999. The Library is authorized to invest the royalty funds in U.S. Treasury securities until the funds are distributed.

The Library's liabilities total \$786.8 and \$886.1 million for fiscal years 2000 and 1999, respectively, with custodial and deposit account activities (i. e., funds held for future distribution to copyright owners) as the major item. The custodial liability decreased following the large royalty distribution made during fiscal year 2000. The decrease in overall liabilities was offset partially by the increase in deferred credits (pledges) due to the Kluge pledge that was accepted by the Trust Fund Board in fiscal year 2001. Other large liabilities include funds advanced from other governmental agencies for the FEDLINK program and accounts payable for various operating expenses.

The accompanying Balance Sheet does not include the acquisition and improvement costs of the Library's buildings and grounds. By law, these buildings and grounds are under the structural and mechanical care of the Architect of the Capitol.

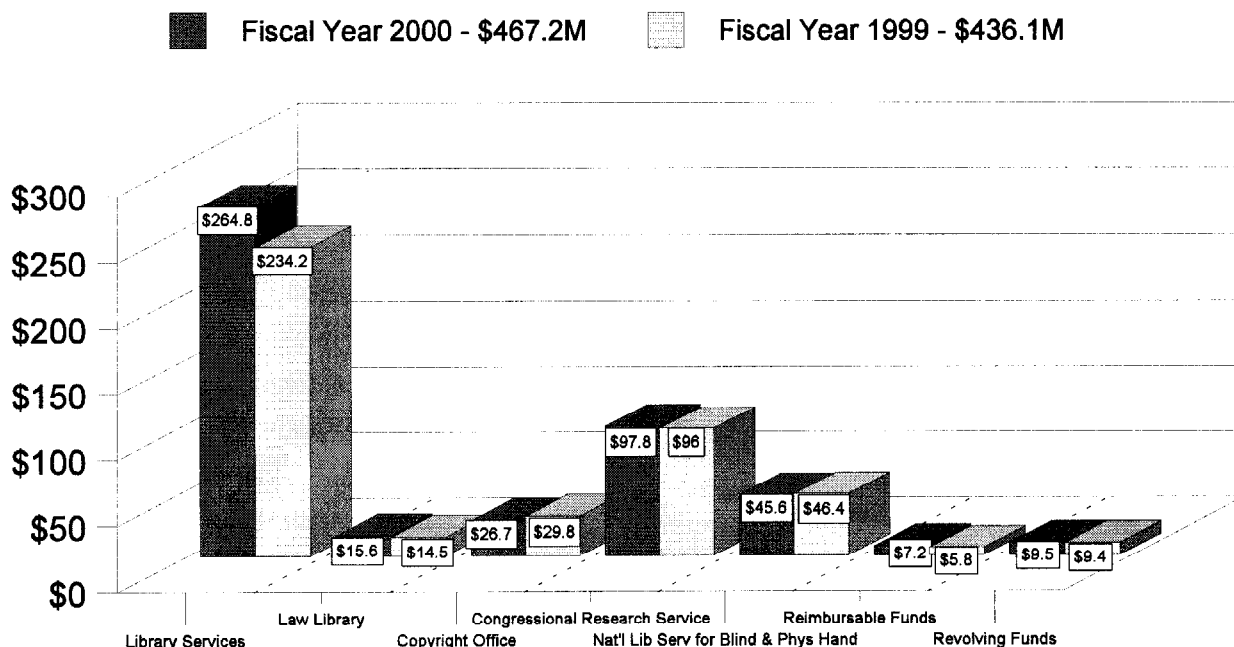
## Consolidated Statement of Net Costs

The purpose of the Consolidated Statement of Net Costs is to provide financial statement users with information about the costs and earned revenues for the Library's seven programs for the fiscal year ended September 30, 2000 and 1999. In other words, the statement presents

the net costs of our programs -- \$467.2 and \$436.1 million for the fiscal years 2000 and 1999, respectively. Net costs include allocated management support costs (e.g., human resources, financial services, facility services). The net costs for each of the Library's seven programs are:

# The Library of Congress

## Consolidated Statement of Net Costs



**Library Services** - With net program costs of \$264.8 and \$234.2 million for fiscal years 2000 and 1999, respectively, Library Services is the Library's largest program and is responsible for traditional library activities of acquisitions, cataloging, research and reference, and preservation. The significant increase in net program costs is due, along with normal increases in operating activities, to the inclusion of \$17.1 million of cost incurred on behalf of the Library by the Ad Council. As the advertising services are being donated to the Library by the Ad Council, the offsetting \$17.1 million of donated revenue is reflected in the Consolidated Statement of Changes in Net Position. In addition, the Congress approved a new grant program in fiscal year 2000 to the Education and Research

Consortium (ERC) of Western North Carolina, which expended \$1.9 million to implement a new college course and other pilot initiatives to improve the use of Library of Congress on-line resources (primary source content) by in-service and pre-service teachers.

Library Services provides the following major services:

- ▶ **Acquisitions** -- Each year the Library acquires more than two million new items in all formats for addition to its priceless collections. The collections, and the information they contain, are the foundation for the many services the Library provides to the Congress and the nation.

- ▶ **Cataloging** -- The Library produces bibliographic records and related products for libraries and bibliographic utilities in all 50 states and territories -- cataloging that saves America's libraries in excess of \$268 million annually (the money it would cost them if they had to catalog the books and other materials themselves).
  - ▶ **Research and Reference** -- The Library makes available to scholars and other researchers vast information resources, many of which are unique, covering almost all formats, subjects, and languages. The Library responds to nearly one million information requests a year from all over the nation, including more than 500,000 in person in the 20 reading rooms open to the public in Washington. In addition, the Library responds to some 50,000 free interlibrary loan requests from across the nation and to nearly 30,000 requests for book loans from the Congress each year.
  - ▶ **On-line Access Services** -- The Library provides free on-line access via the Internet to its automated information files, which contain more than 75 million records -- to Congressional offices, Federal agencies, libraries, schools, and the public. Internet-based systems include three World Wide Web (www) services (e.g., THOMAS, www.loc.gov), the Library of Congress On-line Public Access Catalog (catalog.loc.gov), and various file transfer options. These Internet-based systems now record more than 90 million transactions a month.
  - ▶ **American Creativity** -- The Library manages the largest, most varied, and most important archival collection of American creativity -- including motion pictures, sound recordings, maps, prints, photographs, manuscripts, music, and folklore covering a wide range of ethnic and geographic communities. The Library provides reference assistance to researchers and the general public; conducts field research; and promotes the preservation of American culture throughout the United States.
  - ▶ **Preservation** -- The Library develops and manages a program to preserve the diverse materials and formats in the Library's collections. The program provides a full range of prospective and retrospective preservation treatment for approximately 500,000 items a year; conducts research into new technologies; emphasizes prevention techniques, including proper environmental storage and training for emergency situations; conserves and preserves materials; and reformats materials to more stable media. The Library plays a key role in developing national and international standards that support the work of federal, state, and local agencies in preserving the nation's cultural heritage.
  - ▶ **Reading Promotion and Outreach** -- The Library promotes books, reading, and literacy through the Library's Center for the Book, its affiliated centers in 41 states and the District of Columbia, and more than 90 national organizational partners. The Library encourages knowledge and use of its collections through other outreach programs (cable TV, lectures, publications, conferences and symposia, exhibitions, poetry readings -- all primarily supported by private funding) and through use of the Library's home page on the World Wide Web. The Library also gives some 71,000 surplus books annually to qualified libraries and nonprofit educational institutions through its nationwide donation program.
- Law Library** - The Law Library of Congress, with net program costs of \$15.6 and \$14.5 million for fiscal years 2000 and 1999, respectively, provides direct research service to the Congress in foreign, international, and comparative law. In addition to Members, committees of the Congress and the Congressional Research Service, the Law Library provides officers of the legislative branch, Justices of the Supreme Court and other judges, members of the Departments of State and Justice, and other federal agencies with bibliographic and informational services, background papers, comparative legal studies, legal interpretations, and translations. As its congressional priorities permit, the Law Library makes its collections and services available to a diverse community of users -- the foreign diplomatic corps, international organizations,

members of the bench and bar, educational institutions, nongovernmental libraries, legal service organizations, and the general public -- serving more than 100,000 users annually.

**Copyright Office** - The Copyright Office (CO), with net program costs of \$26.7 and \$29.8 million for fiscal years 2000 and 1999, respectively, administers the U.S. copyright laws, provides copyright expertise to the Congress and executive branch agencies, and actively promotes international protection for intellectual property created by U.S. citizens. The decrease in net program costs is a result of an increase in the statutory fees for registrations and recordation services on July 1, 1999 (which increased earned revenues in fiscal year 2000). In fiscal year 2000, the CO processed more than 588,000 claims, of which more than 515,000 were registered for copyright. More than 752,000 works were transferred to the Library. The CO also recorded, during fiscal year 2000, more than 18,800 documents with nearly 400,000 titles and responded to more than 385,000 requests for information. The CO convenes and supports Copyright Arbitration Royalty Panels (CARPs) for the purpose of (a) equitably distributing the hundreds of millions of dollars in royalties collected under compulsory license provisions of the copyright law and (b) adjusting the royalty rates of the license provisions. Registration fees and authorized deductions from royalty receipts fund a significant portion of the CO. Copies of works received through the copyright system form the core of the Library's immense Americana collections, which provide the mint record of American creativity.

**Congressional Research Service** - The Congressional Research Service (CRS), with net program costs of \$97.8 and \$96 million for fiscal years 2000 and 1999, respectively, provides non-partisan analytical research and information services to all Members and committees of the Congress. CRS works directly and exclusively for the Congress in support of its legislative functions. By maintaining a cost-effective, shared pool of expertise, CRS provides timely and balanced analyses of legislative proposals and public policy issues through provision of reports, tailored confidential memoranda, individual consultations and briefings -- a comprehensive source of information and analysis on almost any legislatively relevant subject. CRS delivers more than 584,000 research responses and services annually; of these, approximately 94,000 are responses to requests for tailored analysis, information, and research.

**National Library Service for the Blind and Physically Handicapped (NLS/BPH)** - The NLS/BPH, which is part of Library Services, manages a free national reading program for blind and physically handicapped people, circulating at no cost to users approximately 22.8 million items a year. This program consists of three segments:

1. The Library of Congress selects and produces full-length books and magazines in braille and on recorded disc and cassette and contracts for the production of talking book machines. The NLS/BPH's fiscal years 2000 and 1999 net program costs for this segment were \$45.6 and \$46.4 million, respectively.
2. A cooperating network of 138 regional and subregional (local) libraries distribute the machines and library materials provided by the Library of Congress.
3. The U.S. Postal Service receives an appropriation to support postage-free mail for magazines, books, and machines which are sent directly to readers. Reading materials (books and magazines) and playback machines are sent to a total estimated readership of 759,000 comprised of more than 500,000 audio and braille readers registered individually, in addition to an estimated 200,000 eligible individuals located in 36,000 institutions.

**Reimbursable Funds** - The net program costs for the Library's Reimbursable Funds are nearly zero (when intra-Library net revenues of \$5.4 million are included and imputed costs of \$1.0 million and allocated administrative overhead of \$.3 million are excluded) because of the Library's goal of full cost recovery. Two major reimbursable programs make up the major portion of the reimbursable revenues: the Federal Library and Information Network (FEDLINK) and the Federal Research Division (FRD). The Library also provides accounting services for three Legislative agencies under cross-servicing agreements (i.e., the Congressional Budget Office, the Office of Compliance and the Capitol Preservation Commission).

- **Federal Library Services** - The Library coordinates services and programs on behalf of all Federal libraries and information centers, providing education and training programs and



administering a cost-effective book, serial, and technical processing and database procurement program for approximately 1,300 Federal offices. This procurement program saves Federal agencies an estimated \$6.3 million annually in contract cost avoidance benefits and \$12 million more in products and services discounts. In fiscal years 2000 and 1999, FEDLINK earned revenues of \$50.0 and \$46.4 million, respectively, consisting of \$46.1 and \$42.1 million for payment of member services and \$3.9 and \$4.3 million for administrative costs.

- ▶ **Federal Research Division (FRD)** - The Federal Research Division provides customized research services that the Library is uniquely able to perform as a result of its collections and subject and language expertise of its staff. A popular FRD product, available on-line via the Library's homepage, is the country study series of books.

**Revolving Funds** - Under the authority of 2 U.S.C. 160, the Library of Congress operates ten gift revolving fund activities to provide, in various formats, duplication and preservation services, exhibits and other special programs, and retail marketing, to other Government agencies, libraries, other institutions, and the general public. Under the authority of 2 U.S.C. 182, the Library operates a Cooperative Acquisitions Program revolving fund under which the Library acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis. Through these activities, the Library is able to further its programs dealing with the acquisition of library materials, reader and reference services, and support for public programs.

After reflecting earned revenues of \$6.6 and \$6.3 million in fiscal years 2000 and 1999, respectively, revolving fund net program costs totaled \$9.5 and \$9.4 million, respectively. The net program costs were primarily the result of the elimination of \$2.0 and \$1.9 million of intra-Library net revenues, \$3.7 and \$3.9 million in administrative overhead, and \$2.0 and \$1.8 million in imputed inter-governmental costs (e.g., employee benefits) not recovered by fees charged by the revolving funds for fiscal years 2000 and 1999, respectively. The other \$2.0 and \$1.8 million of net

program costs were predominately the result of the declining operations of the Photoduplication Service, which had losses of \$1.1 and \$.8 million for fiscal years 2000 and 1999, respectively. The major funds are: Photoduplication Service, Cooperative Acquisitions, Recording Laboratory, and the Constance Green Fund.

- ▶ **Photoduplication Service** - The Photoduplication Service provides preservation microfilming services for the Library's collections and reprographic services to other libraries, research institutions, government agencies, and individuals in the United States and abroad. Earned revenues were \$4.5 and \$4.7 million in fiscal years 2000 and 1999, respectively, and intra-Library transactions of \$2.2 and \$2.1 million were eliminated during consolidation.
- ▶ **Cooperative Acquisitions Program** - The Cooperative Acquisitions Program, which is operated by the Library's six overseas field offices, acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis. Earned revenues were \$1.8 million for fiscal years 2000 and 1999.
- ▶ **Recording Laboratory** - The Recording Laboratory provides preservation services for the Library's collections and audio and video duplication services for the general public. Audio and video products are also produced for sale to the general public. Earned revenues for fiscal years 2000 and 1999 were \$.7 and \$.5 million, respectively, of which \$.3 million each year was for intra-Library transactions which were eliminated in the consolidated statements.
- ▶ **Constance Green Fund** - The Constance Green Fund supports the Library's retail marketing sales shop activities. Earned revenues for fiscal years 2000 and 1999 were \$1.9 and \$1.6 million, respectively.

## Consolidated Statement of Changes in Net Position

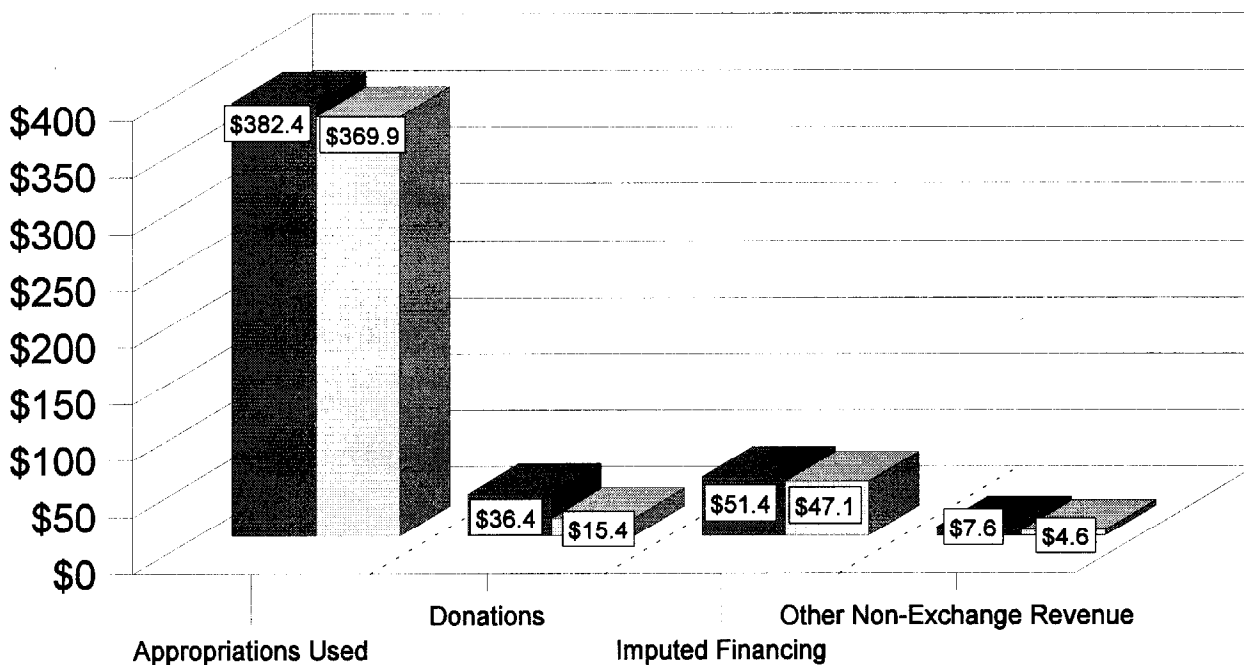
The purpose of the Consolidated Statement of Changes in Net Position is to provide financial statement users

with information about the Library's financing sources and the components of the changes in net position. The Library's financing sources totaled \$477.9 and \$437.0 million for the fiscal years ended September 30, 2000 and 1999, respectively.

# The Library of Congress

## Consolidated Statement of Changes in Net Position

■ Fiscal Year 2000 - \$477.9M      □ Fiscal Year 1999 - \$437.0M



The major source of the Library's funding is from Congressional appropriations for five programs: Library Services, Law Library, Copyright Office, Congressional Research Service, and National Library Service for the Blind and Physically Handicapped. Appropriations used during the fiscal years ended September 30, 2000 and 1999, totaled \$382.4 and \$369.9 million or 80.0 and 84.6 percent, respectively, of all financing. Along with appropriations made directly to the Library, other government agencies (i.e., the Architect of the Capitol,

the Office of Personnel Management, Government Printing Office) used Congressional appropriations and other financing sources to provide support for the Library's programs totaling an estimated \$51.4 and \$47.1 million (imputed financing) for fiscal years 2000 and 1999, respectively. The support provided included structural care and maintenance of the Library's buildings and grounds (\$30.1 and \$25.6 million), employee benefits (\$20.4 and \$20.9 million), and acquisitions exchange services (\$.7 and \$.6 million).

In addition, the Library's donations increased by \$21 million during fiscal year 2000 as a result of the aforementioned Ad Council donation and other donations related to the Library's Bicentennial celebration.

The Library's net position increased by \$19 and \$3 million during fiscal years 2000 and 1999, respectively, primarily because of an increase in the amount of gift and trust funds and the amount of unexpended appropriations.

### **Combined Statement of Budgetary Resources**

The Combined Statement of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the period. The Budgetary Resources section of the statement presents the total budgetary resources available to the Library. The Status of Budgetary Resources section of the statement presents information about the status of budgetary resources at the end of the period. Finally, the Outlays section presents the total outlays of the Library and reconciles obligations incurred to total outlays.

The Library's budgetary resources were \$1.6 and \$1.5 billion for fiscal years 2000 and 1999, respectively, of which \$411.7 and \$390.9 million were appropriated funds and \$1,173.1 and \$1,120.4 million were non-appropriated funds. Total outlays of \$539.8 and \$290.2 million were incurred with the outlays of appropriated funds (\$380.1 and \$367.4 million) combined with outlays of the non-appropriated funds (\$159.7) in fiscal year 2000 and being offset with the negative outlays of non-appropriated funds (-\$77.2 million) in fiscal year 1999. The increase in outlays is a direct result of the aforementioned increase of distributions of royalty fees during fiscal year 2000.

3,919 -- a decrease of 195 FTE's or 4.7 percent. The Library's Internet transactions have grown dramatically from 134 million in fiscal year 1996 to 931 million in fiscal year 2000. Internet-based systems include major World Wide Web services (e.g., THOMAS, LC-Web) and various file transfer options. These Internet-based systems now record more than three million transactions daily. This rapid growth will almost certainly continue to increase because the Library has put on-line more than five million items of American history as the core of a National Digital Library and has launched a new educational web site for families on April 24, 2000, called "America's Library."

### **KEY PERFORMANCE MEASURES**

Since 1996, the Library's collections have increased from 111 million to nearly 121 million items -- an increase of 9.9 million or 8.9 percent. Over the same five-year period, the full-time equivalent (FTE) staff paid by appropriated funds has decreased from 4,114 to

**THE LIBRARY OF CONGRESS**  
**COMPARISON OF APPROPRIATIONS, STAFF, AND WORKLOAD STATISTICS**  
For the Fiscal years 1996, 1997, 1998, 1999 and 2000

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	CHANGE 1996 - 2000	% CHANGE
<b>LIBRARY APPROPRIATIONS - ACTUAL</b>	\$352,399,000	\$361,896,000	\$377,207,000	\$391,660,000	\$427,457,610	+ \$75,058,610	+ 21.3
<b>FULL-TIME EQUIVALENT (FTE) POSITIONS (Appropriated)</b>	4,114	4,010	3,958	3,923	3,919	- 195	- 4.7
<b>SIZE OF LIBRARY COLLECTIONS</b>	111,080,666	113,026,742	115,505,695	118,993,629	120,976,339	+ 9,895,673	+ 8.9
<b>WORKLOAD STATISTICS:</b>							
Unprocessed Library Arrearages	20,970,523	19,952,205	19,090,657	19,793,689	19,215,629	- 1,754,894	- 8.4
CRS - Requests & Services Provided Congress	487,000	531,162	560,423	545,663	584,384	+ 97,384	+ 20.0
Loans of Collections to Congress	31,026	30,708	30,614	26,193	29,276	- 1,750	- 5.6
Copyright Claims Registered	550,422	569,226	558,645	594,501	515,612	- 34,810	- 6.3
Copyright Inquiries	432,397	421,150	395,456	436,627	385,513	- 46,884	- 10.8
Services to the Blind & Physically Handicapped (BPH) - Readership	776,000	764,800	761,600	764,600	759,000	- 17,000	- 2.2
BPH - Books & Magazines; Total Circulated	22,908,900	22,437,900	22,553,100	22,665,000	22,825,000	- 83,900	- 0.4
BPH - New Braille & Audio Books & Magazines Titles	2,568	2,691	2,764	2,647	2,729	+ 161	+ 6.3
Print Materials Cataloged	289,509	289,154	274,890	205,893	224,544	- 64,965	- 22.4
National Coordinated Cataloging Operation (NACO) - LC Contribution	115,714	118,054	186,515	80,176	80,066	- 35,648	- 30.8
National Coordinated Cataloging Operation - Outside Contribution	106,182	146,858	173,721	133,011	128,160	+ 21,978	+ 20.7
Exhibits, Displays, & Publications (Funded by Appropriations)	15	14	14	14	18	+ 3	+ 20.0
Regular Tours	47,847	56,716	60,465	64,489	59,536	+ 11,689	+ 24.4
Reference Service	1,129,952	1,094,588	1,101,717	967,387	912,120	- 217,832	- 19.3
Main Reading Room & Five Other Reading Rooms Hours Per Week	65	65	65	65	65	0	0.0
Items Circulated	2,175,075	2,070,798	2,105,278	1,767,565	1,694,582	- 480,493	- 22.1
Preservation Treatment - Original Format	274,086	309,597	354,027	472,027	263,817	- 10,269	- 3.8
Mainframe Computer Transactions	204,297,492	247,691,844	270,259,005	331,103,221	85,217,677	- 119,079,815	- 58.3
Integrated Library System Input/Update Transactions	0	0	0	0	59,319,648	+ 59,319,648	0.0
Machine Readable Cataloging (MARC) Records	26,320,667	27,519,078	28,093,497	28,890,000	29,633,607	+ 3,312,940	+ 12.6
Internet Transactions (i.e., LOCIS, MARVEL, World Wide Web, and THOMAS public transactions)	134,416,660	345,221,229	615,149,938	728,226,616	931,256,160	+ 796,839,500	+ 592.8

Other noteworthy workloads include the following:

- ▶ The number of Congressional requests and services annually provided by the Congressional Research Service (CRS) increased from 487,000 in 1996 to 584,384 in 2000.
- ▶ The annual number of registrations in the Copyright Office decreased by 34,810 from 550,422 in 1996 to 515,612 in 2000, and the number of copyright inquiries answered annually decreased by 46,884 from 1996 to 2000. Fluctuations to highs in 1999 and lows in 2000 are largely attributable to the influence of the July, 1999 fee adjustment.
- ▶ The number of print materials cataloged decreased by 64,965 from 1996 to 2000 due to

additional resources dedicated to the implementation of the Library of Congress Integrated Library System (LC ILS), but arrearages continued to decrease during the same period.

- ▶ The number of information requests handled by reference staff decreased from 1.1 million in 1996 to 0.9 million in 2000, while the number of Internet transactions increased from 134 million to 931 million.
- ▶ The number of free reading materials delivered across the country each year to the blind and physically handicapped remained relatively stable at 22.8 million in 2000.
- ▶ The number of mainframe transactions decreased significantly during 2000 because of

the implementation of the LC ILS, which is a client server application, from previous multiple mainframe applications. In addition, mainframe computer transactions declined at a greater rate than the LC ILS input/update transactions increased because duplicate data entry transactions were eliminated when multiple non-integrated systems were replaced by the LC ILS.

## **MAJOR ACCOMPLISHMENTS IN FISCAL YEAR 2000**

The Library's major accomplishments during fiscal year 2000 included the celebration of the Library's bicentennial; achievement of the Library's five-year National Digital Library goal of making five million historically significant digital items freely available on the Internet; the approval of three legislative proposals that improve the Library's financial structure and establish new mission responsibilities; final acceptance testing and implementation of the LC ILS; reduction in the Library's arrearages by 578,060 items; administration of the Russian Leadership Program for a second year; implementation of improved physical and collections security measures; receipt of the Library's fourth consecutive "clean" financial statement audit opinion; and delivery of objective, timely, nonpartisan, and confidential research and analysis to the Congress on all major legislative issues. Highlights of these and other major achievements are listed below:

### **Congressional Research Service:**

The Congressional Research Service (CRS) provided information to Congress on matters ranging from China to Kosovo and Southeastern Europe and from Internet technologies to trade and related issues.

On the domestic front, CRS assisted the Congress as it considered matters relating to agriculture, bankruptcy reform, budget process, campaign finance reform, elementary and secondary education, the legislative process, medicare and managed care, social security, pensions, and taxation.

To provide better services to the Congress, CRS implemented the following technology improvements:

- ◆ **Legislative Information System (LIS).** The LIS made a successful transition of its automated system to the year 2000 and use by congressional staff continued to increase. The focus of development for the shared legislative information retrieval system during fiscal year 2000 was the implementation of backup and recovery processes and the implementation of additional security controls.
- ◆ **Development of the CRS Web Site.** A CRS team investigated ways to improve the CRS web site, including a pilot test to assess the potential for placing secure research requests on the web site. A new page is devoted to analysis and interpretation of the U.S. Constitution.
- ◆ **Electronic Briefing Books.** CRS continued to develop one of its newest products, the electronic briefing book, by preparing new interactive briefings on trade and K-12 education, and briefings on other topics of continuing congressional interest were updated and kept current.

### **Copyright Office:**

Pursuant to its longstanding role as an expert advisor to the Congress and the Administration on policy and international matters, the Copyright Office provided policy advice and technical assistance on a wide-range of issues, including:

- ◆ **Digital Millennium Copyright Act Responsibilities.** In the Digital Millennium Copyright Act of 1998, Congress assigned the Copyright Office the responsibility for a major rule making and several studies. During fiscal year 2000, the Office conducted the bulk of its work on rule making relating to exemptions to the prohibition on circumvention of technological measures that control access to a copyrighted work. The Office also conducted two studies with the National Telecommunications and Information Administration, completing one study on encryption research.

◆ **Intellectual Property and Communications Omnibus Reform Act (IPCORA).** The Copyright Office advised the Congress on many aspects of the IPCORA. The centerpiece of this law is to renew for another five years the statutory license of section 119 of Title 17 in the Satellite Home Viewer Act.

◆ **Sound Recordings as Works Made for Hire.** Congress added sound recordings to the categories of works which are eligible to be works made for hire. Subsequent to that enactment, discussions arose concerning both the procedural history of the provision, as well as its effect, and the Office assisted in addressing this issue.

**Copyright Arbitration Royalty Panels (CARPs).** The Copyright Office initiated two CARP proceedings to resolve the remaining controversies concerning the distribution of the 1993-1997 cable royalties and the 1995-1998 DART royalties. In each case, the proceeding entered the 180-day arbitration period, and a final order will be issued during fiscal year 2001.

**Compulsory Licensing.** The Copyright Licensing Division implemented new royalty rates and definition changes resulting from the enactment on November 29, 1999, of the Satellite Home Viewer Improvement Act of 1999. The new rates were effective with the July 1 - December 31, 1999, accounting period.

**The Copyright Office Electronic Registration, Recordation and Deposit System (CORDS).** The Copyright Office continues to develop, test, and enhance the basic CORDS production system and is systematically building toward national implementation in 2003 for electronic registration and deposit of copyrighted works over the Internet. As many as 100,000 works in digital form could be received through CORDS annually by the year 2004. In April 2000, the Copyright Office began CORDS production processing with the Harry Fox Agency (HFA), the licensing subsidiary of the National Music Publishers Association, together with four music publishers. These CORDS test partners are effectively using the CORDS system to register music works and receive their copyright registration certificates within a few weeks. HFA developed special software in order to enable its many publishers to connect to the CORDS system. The Office also continued collaborating with the UMI Company, a

national publisher of digital dissertations and major submitter of copyright applications, using the CORDS system-to-system communications processing capability, for electronic registration and deposit of about 20,000 dissertations per year.

## **National Library Service for the Blind and Physically Handicapped (NLS):**

During fiscal year 2000, NLS continued to refine and improve the Library's free national reading program as highlighted by three major accomplishments:

◆ **Web-Braille use grows as improvements are introduced.** Since its inauguration on August 24, 1999, Web-Braille on the Internet has grown to allow access to more than 3,175 digital braille book files. At the close of fiscal year 2000, 1,078 users had signed up for the new Internet service. The free on-line braille program provides a direct channel to thousands of electronic braille files for individuals, schools, and libraries with Internet connections and braille output devices such as braille embossers or refreshable braille displays. In July 2000, the NLS announced a new feature that links its *International Union Catalog* for braille and audio materials to Web-Braille; as a result, Web-Braille books may now be accessed directly from the catalog by using author, title, subject, language, keyword, and other search parameters.

◆ **Digital talking book (DTB) program developments continue.** NLS completed a draft DTB standard under the auspices of the National Information Standards Organization (NISO) after several years of intensive collaboration with the NISO committee at meetings in Louisville, Kentucky, and Los Angeles, California. NLS completed a life-cycle cost model to project future digital system costs; NLS also completed installation of a prototype digital recording system at the NLS Recording Studio, where five digital talking books have been completed, as well as a digital duplication system at the east multistate center. In addition, NLS developed specifications for the procurement of digitally recorded masters beginning in fiscal year 2002.

The NLS Digital Audio Development Committee continued its oversight of NLS digital initiatives and began a review and refinement of the twenty steps required to develop DTB's, as outlined in the seventy-two-page 1998 report *Digital Talking Books: Planning for the Future*.

- ◆ **International Union Catalog receives major additions.** Two major United Kingdom libraries added a total of more than 68,000 bibliographic records to the NLS *International Union Catalog of Braille and Audio Materials*. The Royal National Institute for the Blind in London added 38,000 bibliographic records in January, and the National Library for the Blind in Stockport, England, added 30,000 records in August. The *International Union Catalog* now holds more than 368,000 catalog records, an increase of nearly 100,000 records over last year. The catalog is intended to serve as a tool for direct access by U.S. readers and for interlibrary loan, as well as to reduce the duplication of effort among producers of books in special format throughout the world.

## Library Services:

**Library of Congress Integrated Library System (LC ILS)** - The Library successfully completed initial implementation of the LC ILS with all modules operational on October 1, 1999. The LC ILS includes Cataloging, Circulation, Acquisitions and Serials check-in modules and the On-line Public Access Catalog (Windows and Web versions), as well as the Geospatial Search Module and the Media Module used at the Library to track assignment of research facilities. During fiscal year 2000, the Library and the LC ILS software vendor, Endeavor, identified, tracked, resolved, and reported on software problems and implemented solutions. The Library added a test server and software to support system performance monitoring and staffed an LC ILS Help Desk. On January 11, 2000, on-line access to the MUMS legacy system was turned off. On August 21, 2000, the Library officially accepted the system after extensive testing and forty consecutive days of acceptable response times.

**National Digital Library Program** - In fiscal year 2000, the National Digital Library Program (NDLP)

achieved its five year goal of making five million historically significant items freely available on the Internet. By the end of 2000, the Library provided on-line 5.6 million digital files. Collaborating institutions provided 1.1 million of the overall 5.6 million digital files. The Library placed on-line 19 new collections with almost 150 thousand digital files, and it expanded 12 existing collections with 1.5 million digital files. By the end of the fiscal year, a total of 87 collections were on-line. The Library continues to enhance and expand access to on-line content through educational tools such as *Today in History*, the Learning Page, the 2000 Educators' Institute, the Learning Center facility, and other related user outreach activities.

The NDLP staff operated 587 programs for 7,818 visitors and answered over 3,400 queries electronically. Seventy-three workshops were held in the classroom for 990 guests; 44 workshops served 700 participants via the Center's state-of-the-art video-teleconference facility; 315 theater-style programs served 4,951 guests; 120 programs in the alcove of computer workstations were held for 248 guests; and 35 programs with 929 guests used some combination of the Learning Center spaces.

The Library launched a new educational web site for families on April 24, 2000, called "America's Library" ([www.americaslibrary.gov](http://www.americaslibrary.gov)). The popular site combines appealing graphics with the Library's incomparable on-line American historical collections in more than 500 stories. At the end of fiscal year 2000, "America's Library" had garnered an estimated 30 million hits. The site is supported by the non-profit Ad Council through a nationwide public service campaign with the tagline: "There's a better way to have fun with history.... Log On. Play Around. Learn Something." Through donated space on the Internet, television and radio, the site received an estimated \$17.1 million in free advertising during fiscal year 2000.

**Russian Leadership Program (RLP)** - The second pilot year of the RLP was funded with \$10 million made available through the Freedom Support Act funding for Newly Independent States initiatives in the Department of State. The program was once again chaired by the Librarian of Congress. The RLP continued to enable emerging Russian political leaders to observe democracy and market economy in practice in the United States. From July through October 2000, 2,150 leaders (average age 38.5 years; 63 percent male, 37 percent female) traveled to the U. S. from 88 of the 89 regions

in the Russian Federation. Participants were hosted by 12 organizations in more than 500 communities in 48 states and the District of Columbia, and focused on one of 13 themes ranging from federalism to the rule of law. The 2000 program emphasized expanded exchanges with the Russian Parliament; 109 members participated, including 25 percent of the current Duma deputies. The Russian parliamentarians were hosted by 16 Senators, 52 members of the House of Representatives, and five U. S. governors. The RLP also hosted 10 alumni meetings in Russian between April and September 2000 in cities extending from Moscow to Vladivostock.

**Arrearage Reduction/Cataloging** - The Library made concentrated efforts to contain the growth of arrearages in fiscal year 2000, the first full year of operation of the LC ILS. At year's end, the total arrearage stood at 19,215,629 items -- a decrease of 578,060 items, nearly three percent, since September 1999 and a decrease of **51.6 percent** from the 39.7 million-item arrearage at the time of the initial census in September 1989. Staff created cataloging records for 224,544 print volumes -- nearly 20,000 more than in fiscal year 1999 -- and inventory records for an additional 50,275 items. Processing accomplishments in fiscal year 2000 include: (1) the arrearage of 79,563 items in Japanese that existed in 1995 was reduced to 4,326; (2) the first libraries from Asia, Africa, and New Zealand received training to join the Program for Cooperative Cataloging; (3) the Electronic-Cataloging-in-Publication Program was implemented throughout the Cataloging Directorate; and (4) the Library worked with bibliographic utilities and libraries with large East Asian collections to replace the outmoded Wade-Giles system for romanization of Chinese characters with the more modern pinyin system, loading 156,000 pinyin name and series authority records into the LC ILS, representing a significant permanent improvement in the usefulness of the Library's catalog.

**Preservation Improvements** - The Library took action during fiscal year 2000 to improve the preservation of its vast and diverse collections by: (1) completing the mass deacidification treatment via the Bookkeeper contract of 47,736 volumes; (2) binding 178,593 paperback volumes and labeling 11,598 hardcover volumes; (3) completing conservation of 700 rare books from the Thomas Jefferson Library for its exhibit in celebration of the Library's Bicentennial; (4) coordinating the preservation microfilming of 1.6 million pages of historically significant U.S.

newspapers, adding over 6,000 titles to the national union list of newspapers; (5) microfilming 3.8 million pages from the Library's collections; and (6) implementing with the Copyright Office the use of security laser-marking equipment to place LC property information safely on CD's, audio tapes, and video tapes in the Library's collections.

**American Folklife Center (AFC)** - The AFC put five new collections on-line as part of the Library's National Digital Library Program: *Omaha Indian Music*; *Fiddle Tunes of the Old Frontier*; *Blues, Gospel, and the Fort Valley Music Festivals*; *Florida Folklife from the WPA Collections*; and *Folklife and Landscape in Southern West Virginia*. The Center is also participating in the White House Millennium Council's "Save America's Treasures" program, in concert with the Smithsonian Institution, to preserve a priceless heritage of sound recordings housed at the two institutions. This program is known as "Save our Sounds."

**Bringing Treasures to the People** - The Library's collections were shared with hundreds of thousands of national and international audiences through exhibitions, special events and symposia, traveling exhibits, and major publications. Adding nine on-line exhibitions in fiscal year 2000, the Library continues to lead the nation in the presentation of its exhibitions on-line, with 28 currently available. During fiscal year 2000, the Library presented two major exhibitions, *John Bull and Uncle Sam: Four Centuries of British-American Relations* and *Thomas Jefferson* in its Thomas Jefferson building's northwest gallery. For the first time, treasures from the magnificent collections of the Library of Congress and the British Library, the two greatest library collections in the English-speaking world, were brought together in the exhibition, *John Bull and Uncle Sam*, which opened November 17, 1999. The exhibit illuminated the interwoven history of the two nations from the earliest British settlement in Virginia to the present and provided unique insights into the relationship of the United States and Great Britain. *Thomas Jefferson* was presented in April 2000 as part of the Library's bicentennial program and drew from the Library's unparalleled collection of Thomas Jefferson material (documents, books, drawings, and prints), as well as selected personal artifacts borrowed from several institutions. *Jefferson* traced the origins and evolution of Jefferson's thinking and examined the influence his thoughts and interests have had on his own life, this republic, and the world. The exhibition's last



area was a re-creation – part actual and part virtual – of Jefferson's library that will remain on view when the exhibition closes in November 2000.

The presentation of the unprecedented long-term *American Treasures* exhibition continued throughout fiscal year 2000 in the Thomas Jefferson building's southwest gallery. Many of the fragile items, including those considered to be the Library's Top Treasures, were replaced three times during the year and included the rarest and most significant items in various formats relating to America's past from the Library's collections.

Three major exhibitions, *The Work of Charles and Ray Eames: A Legacy of Invention*, *Sigmund Freud: Conflict and Culture*, and *Religion and the Founding of the American Republic* traveled extensively to venues on three continents. Six smaller exhibits (Life of the People: Realist Prints and Drawings from the Ben and Beatrice Goldstein Collection, 1912-1948; Arthur Szyk: Artist for Freedom; 28<sup>th</sup> Annual LCPA Employee's Art Exhibit; Wizard of Oz: An American Fairy Tale; Living and Reliving the Saga; Blondie Gets Married) were mounted during the year in various other galleries and reading rooms of the Library, and five displays were installed for special events. The first Family Guide was produced to provide a self-guided experience of the Thomas Jefferson building and its exhibitions.

**Visitors** - The Visitor Services Office conducted 3,138 tours for 59,536 visitors; conducted 686 tours for 12,185 congressional constituents from 363 congressional offices; and arranged 581 professional appointments for 1,850 VIPs, professionals, and students representing 101 different countries. The Office staffed a Researcher Guidance Desk where 10,225 first-time readers received assistance. The cadre of 190 volunteers in the Office provided 26,239 hours of service, conducted 1,769 public tours and 44 Spanish-language tours, and responded to inquiries from 189,393 visitors.

**Publications** - Major publications in fiscal year 2000 included: *Thomas Jefferson: Genius of Liberty* (Viking Studio), *The Library of Congress: An Architectural Alphabet* (Pomegranate), *America's Library: The Story of the Library of Congress, 1800-2000* (Yale University Press), and *The Nation's Library: The Library of Congress, Washington, DC* (Scala). *The Library of Congress: An Architectural Alphabet* was the topic of

feature articles in *The Washington Post* and *Preservation* magazine, received a design award from the American Association of Museums, and was named one of the top books for young readers by *Smithsonian* magazine.

**Library of Congress Cybercasting** - The Library continued its pilot program to broadcast events of wide national interest on its web site. During fiscal year 2000, events that were cybercast included: an "Interview with Disney Chairman and CEO Michael Eisner" on October 5, 1999; an "Interview with Actor Christopher Reeve" on October 26, 1999; "Democracy and the Rule of Law in a Changing World Order" March 7-10, 2000; and "Poetry in America: A Library of Congress Bicentennial Celebration" on April 3, 2000.

**Geographic Information System (GIS)** - The Geography and Map Division continues to serve the Congressional Research Service, the Congressional Relations Office, Members of Congress and the public with their GIS needs, collecting digital data and working with private sector partners to create a GIS infrastructure for the Library of Congress. Fiscal year 2000 was a very productive year for the National Digital Library Program for Cartographic Materials. The U.S. Railroad Maps digital collection was completed. *Civil War Maps* was inaugurated as a multi-year digital project. A total of 1,800 maps will be put on-line, of which 290 are currently available. A special presentation was added to the *Meeting of Frontiers* website, including maps from the seventeenth to the twentieth centuries by American, Russian, and European cartographers. The special presentation of *Puerto Rico at the Dawn of the Modern Age* was presented, adding several significant maps of the region. *The American Revolution and Its Era: Maps and Charts of North America and the West Indies, 1750-1789* was put on-line and maps will be added monthly. *Census Atlases: Presenting the Nation's Cultural Geography* was introduced; the 1870, 1880 and 1890 atlases were completed, and the 1970 is currently in process. The *Geographical Fun Atlas* consisting of twelve maps of European countries, each with a unique national stereotype based on the outline and shape of the country, was completed. By the end of fiscal year 2000, 3,999 maps were made available on-line.

**Collaborative Digital Reference Service (CDRS)** - The CDRS provides professional reference service to researchers any time, anywhere, through an international digital network of libraries and related

institutions. The service is piloting the use of new technologies to provide the best answers at the lowest cost by taking advantage, not only of the millions of Internet resources, but also of the many more millions of resources that are not on-line and held by libraries. CDRS supports libraries by providing them additional choices for the services they offer their end users. Participating libraries will assist their users by connecting to the CDRS to send questions that are best answered by the expert staff and collections of CDRS member institutions from around the world, including the national libraries of Australia and Canada.

**The Meeting of Frontiers** - The Library launched *The Meeting of Frontiers* pilot site of 70,000 images chronicling the parallel experiences of the United States and Russia in settling their frontiers in the Pacific Northwest and Alaska. The project is being conducted in partnership with the Russian State Library and the National Library of Russia. Digital images of unique and rare materials in American and Russian collections are made freely available over the Internet.

## **Law Library:**

**Global Legal Information Network (GLIN)** - GLIN is a cooperative international network in which nations are contributing the full, authentic text of statutes and regulations to a database managed by the Law Library of Congress. During fiscal year 2000, the Law Library made numerous national and international presentations to promote GLIN as an international model for electronic legal information systems and cooperative networking; hosted the seventh annual GLIN Directors' Meeting; and conducted three GLIN training seminars for member countries. During fiscal year 2000, the Law Library added two new member countries, for a total 14 countries contributing information to GLIN via the Internet.

**Law 2000 - Library's Bicentennial Celebration** - The Law Library played a strategic role in coordinating an international symposium, "Democracy and the Rule of Law in a Changing World Order," attended by the Chief Justice and four U.S. Supreme Court Justices. Judges, legislators, legal scholars and experts in various fields from 21 countries analyzed democracy and the rule of law in the context of the state and human rights, corporate power and the global economy, national sovereignty, the roles of women, responsible and fair

use of natural resources, religion and governance, and multiethnic and multiracial states.

## **Management Support Services:**

**Bicentennial Commemoration** - The Library celebrated its 200<sup>th</sup> anniversary with a wide array of programs and activities. The Congress approved a concurrent resolution commending "the Library of Congress and its employees, both past and present, on 200 years of service to the Congress and the Nation" and the President signed a proclamation on April 21, 2000, stating that "The Library of Congress is truly America's Library." On the Bicentennial date, April 24, 2000, bimetallic and silver commemorative coins were issued at a ceremony in the Great Hall of the Thomas Jefferson Building. The U.S. Mint experienced record-breaking sales for a first-day launch event and by the end of September 2000 had sold some 235,000 silver and 32,000 bimetallic coins with a surcharge income total of nearly \$2.8 million. The U.S. Postal Service issued a commemorative stamp that day with similar success—46,000 stamps were sold on the 24<sup>th</sup> alone. Beginning on April 25<sup>th</sup>, more than 200 libraries in 43 states held second-day issue events for the stamp with local postal and governmental officials. A press conference on the day of the Bicentennial celebration heralded the start-up of a new, easy-to-use Web site for families, *America's Story*. The premier Bicentennial exhibition, *Thomas Jefferson*, opened on the 24<sup>th</sup> with, for the first time ever, the re-creation of Jefferson's library in the original order he devised. It joined another popular Bicentennial exhibition already open in the Great Hall galleries, *The Wizard of Oz: An American Fairy Tale*. The grand occasion for staff and the public was the program and concert on the East Lawn of the Capitol with emcees Cokie Roberts of ABC News and Mickey Hart of the Grateful Dead. Among the 84 Library of Congress "*Living Legends*" honored that day -- Americans who have advanced and embodied the quintessentially American ideal of creativity, dedication, and exuberance -- were U.S. General Colin Powell (ret.), magician and illusionist David Copperfield, cardiovascular surgeon Michael DeBakey, author Beverly Cleary, dancer Suzanne Farrell, technology innovator Vinton Cerf, photographer Gordon Parks, and Big Bird.

One of the most significant and far-reaching of the Bicentennial programs was the Local Legacies Project. Local Legacies involved Congress, individuals, libraries, and local organizations throughout the nation in the celebration of America's richly diverse culture. Local Legacies teams documented the creative arts, crafts, and customs representing traditional community life; signature events such as festivals and parades; how communities observe local and national historical events; and the sites and occupations that defined a community's life. Seventy-seven percent of Congress -- 414 of the 535 Members -- registered nearly 1,300 Local Legacies projects from every state, trust, territory, and the District of Columbia. Four thousand Americans provided photographs, written reports, sound and video recordings, newspaper clippings, posters, and other materials as part of their projects. Almost 1,000 projects were received and are in the process of being included in the collection of the American Folklife Center. Like a century's-end time capsule, the scenes, sights, and events of everyday America featured in these projects are a testament to the uniqueness of our nation and to the pride of its citizens in their heritage. In appreciation for the contributions of the Local Legacies participants, three days of special tours and other opportunities to meet with Library staff were scheduled in late May and a festive reception was held in the Great Hall, attended by two thousand participants and Members. A sampling of Local Legacies photographs and project descriptions is available on the Bicentennial Web site ([www.loc.gov/bicentennial/](http://www.loc.gov/bicentennial/)), while fund-raising continues for the resources needed to digitize and put on-line a more complete selection of project materials.

The Bicentennial's highly successful Gifts to the Nation program brought special donations and treasures to the collections, including Harry A. Blackmun's papers; the first American Haggadah; a letter of Beethoven's; a Persian celestial globe; a survey of land in Frederick County, Virginia, signed by George Washington; and James E. Hinton's 1960s civil rights photographs. Eighty-two nations of the world also presented over 1,000 publications, many of them rare or limited edition items, for the "International Gifts to the Nation Project."

Both the generosity of donors and partnerships with other institutions and organizations supported other noteworthy Bicentennial projects. Four new publications were made available and a symposium for

the Congress on the evolution of how it has informed itself, *Informing the Congress and the Nation*, was supported by donors and partners. Other events included *Poetry and the American People: Reading, Voice, and Publication in the 19<sup>th</sup> and 20<sup>th</sup> Centuries* in April followed a presentation the previous evening of the first 50 videotaped *Favorite Poems* to the Library by then Poet Laureate Robert Pinsky.

The celebration of the Bicentennial included the Congress, the Library's staff, scholars, librarians, and people from throughout the nation and the world. Without the contribution of their time, talents, and industry and without millions of dollars in donations from individuals, foundations, and the private sector, this splendid commemoration of the 200<sup>th</sup> birthday of the Library would not have been possible.

**Strategic Plan (1997 - 2004)** - The Library's 1997-2004 Strategic Plan identifies the mission, priorities, values, and objectives that take the Library into the 21<sup>st</sup> century. Building on the plan, the Planning, Management, and Evaluation Directorate (PMED) coordinated the development of the Annual Program Performance Plan, which established goals and performance measures for each program and support unit. PMED also coordinated the development of an integrated time-line for the Library's Planning, Programming, Budgeting, Execution, and Evaluation System (PPBEES). As part of the PPBEES process, the Library successfully implemented a tool for acquiring and allocating infrastructure support resources for the growing program workload, ensuring that the fiscal year 2001 budget will be executed as planned.

**Authorizing Legislation** - The 106<sup>th</sup> Congress passed four important pieces of authorizing legislation that improve the Library's financial management and further support the Library's national mission. The Library of Congress Fiscal Operations Improvement Act of 2000, P. L. 106-481, represents a milestone in the Library's financial management; the bill creates three revolving funds to manage important elements of the Library's operations including services to Federal libraries (FEDLINK), research reports and studies for Federal entities (Federal Research Division), gift shop sales, photo duplication services, and duplication services associated with the Audio Visual Conservation Center. The Congress also enacted the Sound Recording Preservation Act, P. L. 106-474, modeled on the highly successful Film Preservation Foundation Act. Initial

funding has been requested by the Library, but the Library is proceeding to bring the board into existence and seeking private funds to support the initial expenses of setting up the organization and establishing a plan to produce a comprehensive survey of sound preservation needs. Finally, the 106<sup>th</sup> Congress enacted two bills that utilize the collections and curatorial and staff expertise of the Library: P. L. 106-99, which authorizes the Library to prepare and publish a history of the House of Representatives, and P. L. 106-380, which creates an archive for veterans oral histories in the American Folklife Center.

**Year 2000 Century Change** - During fiscal year 2000, the Library successfully completed more than a two-year-long project to ensure that its computer systems would function properly at the turn of the century. Working with staff throughout the Library, information technology staff led the effort to prepare all 99 mission-critical and 292 non-mission critical systems for the century change by the end of calendar year 1999. The Library's communication systems were also ready for the date change. The Library developed a Y2K Business Continuity Contingency Plan, which included security back-up systems, and participated in the legislative branch-wide critical incident command center operations.

**Information Technology (IT) Disaster Recovery** - During fiscal year 2000, a Library team was formed to continue the process of identification and analysis of viable options for preparing the Library to restore rapidly and cost-effectively any mission-critical information processing capability and data lost in the event of a disaster impacting the central data center. The options included: (1) establishing mutual support agreements with House Information Resources; (2) contracting with commercial providers of computing and communication recovery services; and (3) installing and maintaining redundant computing capabilities.

The team determined that commercial providers of computing and communications recovery services provide the best balance of reliable service at reasonable cost. A requirements identification document describing the current configuration of the Library's data center was prepared and submitted to General Services Administration's Federal Computer Acquisition Center (GSA FCAC) for their review and submission to pre-approved contractors.

The Library completed a number of subordinate tasks related to disaster recovery and business continuity. For example, the first phase of installation and testing of redundant computing facilities in the Senate Computer Center in support of high-availability fail-over processing for the Legislative Information System (LIS). A backup-server, storage, storage area network, and all related software were installed. The system will be operational early in fiscal year 2001. Additional data storage and archival equipment (deep backup systems) in support of the LIS and American Memory will also be installed at the Senate in fiscal year 2001. Finally, a new 750KVA 60Hz uninterruptible power supply was installed in the Library's computer center.

**IT Security and Infrastructure** - Several computer security initiatives were accelerated in January 2000 in response to a computer hacking incident involving the THOMAS Web site. Damage control took immediate precedence and was successful. Other tasks involved preservation of evidence, removal of non-critical services, an audit of all major servers, quarantine of critical servers, and reporting to proper authorities. Inactive server accounts were closed; a full inventory of accounts throughout the Library was initiated, and plans were made for routine account maintenance and hardening of passwords.

The Library continued to consolidate and initiate IT security initiatives throughout the Library in its effort to develop a cohesive IT Security Program. That work is ongoing and will also require the application of additional resources over time. Security staff attended a number of security symposia, conferences, and briefings on the most critical Internet security threats. The Library also formally joined FedCIRC and participated in the White House survey of Federal agency information systems security activities.

The Library-wide Computer Security Coordination Group met frequently and covered a variety of topics, including antivirus software distribution, virtual private networking, and the National Academy of Sciences report. A draft document, "Architecture for Security Infrastructure," was completed. Other significant accomplishments during fiscal year 2000 included: (1) expanded secure tunneling for outside access to private networks was implemented, virtual private network software was installed, and a successful pilot test was conducted; (2) an inventory of procedures for maintaining integrity of Library digital collections was

completed, and technical leadership was provided to the Digital Collections Security Working Group; (3) a solicitation for a security training contract was developed; (4) computer security awareness briefings were held for new employees and Library managers; (5) a Library-wide computer security Web site was developed and launched; (6) an automatic distribution module for antivirus software was implemented; and (7) a Secure Socket Layer was added to Library web mail and virus-checking software (Guinevere) was installed for GroupWise mail.

**Security of Facilities, Staff, and Collections** - During fiscal year 2000, the Library made progress in implementing its Security Enhancement Plan, including: (1) increasing police staffing with the addition of forty-six new officers and three administrative personnel; (2) identifying space for and completing preliminary design work for a consolidated Police Communication Center; and (3) designing additional access control measures (e.g., construction of curb walls, bollards, police shelters, vehicle barriers, and modification of building entrances to accommodate additional security screening equipment).

The Library's Office of Security, in collaboration with the Collections Security Oversight Committee, implemented further controls during fiscal year 2000 to protect the Library's collections. Major accomplishments included: (1) coordinating with the Architect of the Capitol and the Library's Integrated Support Services Directorate on planned secure collections storage vaults for the Law Library, Geography and Map Division, Prints and Photographs Division, and Music Division; (2) working closely with several custodial chiefs to upgrade security controls protecting the Library's most valuable (platinum and gold) collections; (3) planning and installing security controls protecting high risk collections items displayed on exhibit, including *American Treasures*, the *Bob Hope Gallery*, *John Bull and Uncle Sam*, *Jefferson Library*, and the *Wizard of Oz*; (4) collaborating with Library Services and the Copyright Office on the procurement and allocation of 61 secure book carts and five safes enhancing the protection of high-risk collections; and (5) working closely with the Office of the Inspector General in contracting for random sampling efforts to produce credible baselines of theft and mutilation in select divisions.

**Restoration and Renovation of the Thomas Jefferson and John Adams Buildings** - During fiscal year 2000, the Library completed a number of moves and actions that are a part of the multi-year plan to outfit and occupy the remaining renovated spaces of the Thomas Jefferson and John Adams buildings. Major accomplishments include completing work on the Whittall Pavilion, the Coolidge recording lab, and the attic spaces of the John Adams building. In addition, the Bob Hope gallery was established.

**Gift and Trust Funds** - During fiscal year 2000, the Library's fund-raising activities yielded a total of \$85.7 million representing 1,097 gifts and pledges to 76 different Library funds. These gifts included \$5.4 million in cash gifts and \$80.3 million in new pledges, making it the best year ever for gifts received from the private sector. Eighteen new gift and trust funds were established. At year's end, outstanding pledges (including conditional amounts) totaled \$81.5 million. During fiscal year 2000, the Library celebrated the tenth anniversary of the James Madison Council, a private-sector group dedicated to assisting the Library in reaching out beyond its walls and sharing its unparalleled riches with the nation and the world. During the past ten years, the Madison Council has given \$134.6 million to the Library.

Private gifts supported a variety of new and continuing programs throughout the Library, including exhibitions, acquisitions, symposia, and an extensive series of Bicentennial programs. John W. Kluge, chairman of the James Madison Council and the Library's leading benefactor, made a gift of \$60 million to establish *The John W. Kluge Center at the Library of Congress and The John W. Kluge Prize in the Human Sciences*. Funds from this endowment will bring the world's leading thinkers into periods of residence at the Library on a rotating basis in order to make greater and more consequential use of the world's greatest collection of human knowledge and to make the deep wisdom of the world's most important scholars continuously accessible to the world's most important lawmakers. The endowment will also make possible the periodic award of a \$1 million prize that will fill a notable gap in the Nobel prizes in the area of the human sciences.

Other major gifts received during the fiscal year included \$9 million in conditional pledges from Jack Friedman, The Richard and Rhoda Goldman Foundation, John Kluge, The Gruss Lipper Foundation,

and Jack Nash toward the purchase of the Valmadonna Trust Library; \$3.7 million in additional gifts from The Starr Foundation and 34 other donors for the *Henry A. Kissinger Chair in Foreign Policy and International Relations*, bringing the total gifts received for the chair to \$4.2 million; \$2 million from an anonymous donor for the acquisition of materials for the American Folklife Center; \$1.5 million from Cary and Ann Maguire to establish *The Cary and Ann Maguire Chair in Ethics and American History* to conduct research on the ethical dimensions of leadership within the United States and/or on the ethical implications of significant issues, events and movements in American history; \$1 million each from Charles Durham and Nancy Glanville to support the *Edwin L. Cox American Legacy Acquisition Fund*, as well as the acquisition of the *Kenneth Walker Collection of Architectural Drawings*; and a \$1 million bequest from the late Verna Fine to establish *The Verna and Irving Fine Fund* to support modern American music through activities related to the music of Irving Fine and other American composers whose works are housed at the Library. Through the *Gifts to the Nation* program for the Bicentennial, the Library brought in 241 gifts totaling \$81.8 million during fiscal year 2000. These additional gifts bring the total Gifts to the Nation to 315 gifts totaling \$106 million.

## STEWARDSHIP REPORTING

The standard for stewardship reporting on selected assets classified as "Heritage Assets" developed by the Federal Accounting Standards Advisory Board (FASAB) is mandatory for fiscal years 2000 and 1999. The standard applies to entities (1) that control stewardship resources and (2) whose financial statements purport to be in accordance with federal accounting principles and standards developed by FASAB and accepted by the principals. All stewardship information is deemed "required supplemental stewardship information."

In fiscal year 1995, the Library, in consensus with its independent auditors, determined its collections were within the stewardship resource classification and prepared its first stewardship report. By beginning in fiscal year 1995, the Library initiated developing a data collection and a trial reporting methodology that lead to fulfilling the objectives of the stewardship reporting standard -- to assist in judging the long-term

effectiveness of expenditures for "heritage assets," the results of inputs and outcomes, and the financial impact of sustaining current services.

Consistent with the guidelines provided by FASAB, the Library has prepared its sixth stewardship report on its collections that provides the suggested relevant information concerning the asset description, acquisition, preservation, security, use, estimated number of items, and expenditures. The Stewardship Report is included as Section 3 of this report.

## LIMITATIONS OF THE FINANCIAL STATEMENTS

The Library's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and results of operations of the Library of Congress, pursuant to the hierarchy of accounting principles and standards set forth in Note 1 to the Consolidated Financial Statements. While the statements have been prepared from the books and records of the Library, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.